



Update on Day-Ahead Market Enhancements

Stakeholder Call

October 29, 2020

Agenda

Time:	Task:	Presenter:
11:00 – 11:05	Welcome/introductions	Kristina Osborne
11:05 – 11:55	Update on DAME	Don Tretheway
11:55 – 12:00	Next Steps	Kristina Osborne

CAISO development process for DAME

PROPOSAL DEVELOPMENT

Issue paper

↳ Straw proposal

Draft proposal

Draft business requirement specification

Draft tariff

Final proposal



Stakeholder input

DECISION

ISO Board

EIM Governing Body

Tariff filing

FERC

IMPLEMENTATION

Business practice manual revisions
Market simulation

Go Live

This represents the typical process, and often stages of the process run in parallel.

We are here

Implementation
Fall 2022

No change to DAME implementation date

Testing of iterative, multi-pass approach is unable to converge to efficient solution

- Significant inefficiencies from changing reliability capacity requirement between passes
- Oscillating between virtual supply and physical supply conditions causes multiple equivalent solutions

Need a fixed reliability capacity requirement

Reliability capacity is needed to address differences between cleared physical supply and net load forecast

- Drivers of reliability capacity up
 - Bid-in load clears less than CAISO forecast
 - Virtual supply clears market
 - Cleared VERs greater than CAISO forecast
- Drivers of reliability capacity down
 - Bid-in load clears greater than CAISO forecast
 - Virtual demand clears market
 - Cleared VERs less than CAISO forecast

Reliability capacity is known after the integrate forward market is run

New approach is needed to address operations need to bias residual unit commitment (RUC) process

- Add imbalance reserve up and down to IFM to provide intra-hour ramp and cover uncertainty
 - Addresses need to bias RUC load forecast
- Return RUC to its original purpose and enhance
 - Procure reliability capacity up and down
 - Establishing export/import energy schedule to be tagged for checkout and establish real-time priority
 - Establishing binding MSG configuration based upon RUC schedule

Approach decouples energy and reliability capacity by maintaining separate IFM and RUC

- IFM is a financial energy market that clears bid in demand against bid in supply while also meeting ancillary services and imbalance reserve requirements
- If necessary, RUC provides additional unit commitment to ensure physical supply is available in real-time to meet CAISO net load forecast
- By removing need for load biasing in RUC to address uncertainty and ramping, can assess the added efficiency to be gained by integrating IFM and RUC in the future

Next steps

- Post second revised straw proposal the beginning of December
- Stakeholder comments received middle of January
- Post draft final proposal early March
- EIM governing body and Board decision in May
- Implementation Fall 2022